

**Before the
Federal Communications Commission
Washington, D.C. 20554**

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| In the Matter of Inmarsat Ventures, PLC |) | |
| Request for Extension of Time Under Section |) | |
| 621(5) of the Satellite Communications Act of |) | |
| 1962, as amended by the Open-Market |) | SAT-MS-20020925-00187 |
| Reorganization for the Betterment of International |) | |
| Telecommunications Act. |) | |
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Order

Adopted: December 17, 2002

Released: December 19, 2002

By the International Bureau:

I. INTRODUCTION

1. In this Order, we grant the request of Inmarsat Ventures, PLC ("Inmarsat") for a six-month extension of the December 31, 2002 deadline set forth in Section 621(5)(A)(ii) of the Satellite Communications Act of 1962, as amended by the Open-Market Reorganization for the Betterment of International Telecommunications Act (the "ORBIT Act")¹ for conducting an initial public offering ("IPO").

2. The ORBIT Act establishes criteria for Commission review of applications to serve the U.S. market by "successor entities" of INTELSAT and Inmarsat.² As an entity created as a result of privatization of Inmarsat, Inmarsat Ventures, PLC, constitutes a "successor entity" under the ORBIT Act. Inmarsat, therefore, is subject to the requirement of Section 621(5)(A)(ii), that it conduct an initial public offering no later than December 31, 2002. The Commission is allowed to extend this deadline to no later than June 30, 2003.³

¹ Section 621(5)(A)(ii) of the Satellite Act of 1962, as amended by the ORBIT Act, 47 U.S.C. § 763(5)(A)(ii) (2001). Congress amended the Satellite Communications Act of 1962, 47 U.S.C. §§ 701 *et seq.* (Satellite Act) by adopting the ORBIT Act, Pub. L. No. 106-180, 114 Stat. 48 (2000), *codified at* 47 U.S.C. § 761 *et seq.* The ORBIT Act adds Title VI to the Satellite Act, entitled "Communications Competition and Privatization."

² International Telecommunications Satellite Organization ("INTELSAT") and Inmarsat were originally intergovernmental satellite organizations ("IGOs") created by international agreements, as a result of initiatives undertaken in the early days of development of space technology by the United States under the Communications Satellite Act of 1962. INTELSAT privatized in July 2001, whereby Intelsat Ltd., the privatized successor of INTELSAT became a U.S. satellite licensee.

³ The Commission previously granted Inmarsat two extensions of time from October 1, 2000, to July 1, 2001 and then to December 31, 2001. *See Inmarsat Ventures Ltd., Request for Extension of Time Under Section 621(5) of the ORBIT Act*, FCC 00-356, 15 FCC Rcd 19740 (2000) ("First Extension Order"); *Request for Extension of Time Under Section 621(5) of the ORBIT Act*, FCC 01-193, 16 FCC Rcd 13494 (2001) ("Second Extension Order").

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II. BACKGROUND

3. Inmarsat was originally created as an intergovernmental satellite organization (“IGO”) to provide mobile satellite communications. It privatized on April 15, 1999 as a stock corporation in the United Kingdom. Inmarsat’s privatization entailed the transfer of the operational assets of the IGO to a newly-created U.K. stock corporation, Inmarsat Holdings Ltd. Inmarsat Holdings Ltd. was renamed Inmarsat Ventures, Ltd., a private holding company. Inmarsat Ventures, Ltd., in turn, has an operating company subsidiary, Inmarsat Ltd., which is also a U.K. corporation. In anticipation of conducting an IPO, Inmarsat Ventures, Ltd. was converted to a public limited company, Inmarsat Ventures, PLC.

4. In 2001, Congress further revised Section 621(5)(A)(ii) of the ORBIT Act to read as follows:

An initial public offering of securities of any successor entity or separated entity...(ii) shall be conducted, for the successor of Inmarsat, on or about December 31, 2002, except that the Commission may extend this deadline in consideration of market conditions and relevant business factors relating to the timing of an initial public offering, but to no later than June 30, 2003.⁴

5. The Commission has exercised its ORBIT Act authority to extend Inmarsat’s IPO deadline twice before. Inmarsat was granted a nine-month extension in October 2000,⁵ and an additional six-month extension in June 2001.⁶ Since the adoption of the *Second Extension Order*, Congress amended the ORBIT Act to provide Inmarsat an additional year to conduct an IPO and granted the Commission authority to provide Inmarsat an additional six-months to conduct an IPO, until June 30, 2003.⁷

6. Inmarsat filed a request for an additional extension of time from December 31, 2002, to June 30, 2003. The Commission placed this request on public notice on October 18, 2002 and no comments were filed.

III. DISCUSSION

7. As stated in the previous extension Orders, the purpose of Section 621(5)(A)(ii) is to ensure that Inmarsat becomes an independent commercial entity with a pro-competitive ownership structure.⁸ The ORBIT Act anticipates that independence will be achieved, in part, through the

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⁴ Section 621(5)(A)(ii) of the Satellite Act of 1962, as amended by the ORBIT Act, 47 U.S.C. § 763(5)(A)(ii). In 2000, Congress originally revised Section 621(5)(A)(ii) of the Satellite Act of 1962, as amended by adopting the ORBIT Act. In this section, Congress set forth the original IPO deadlines for Intelsat and Inmarsat. In 2001, Congress revised this section extending the original IPO deadline.

⁵ *First Extension Order*, 15 FCC Rcd 19740.

⁶ *Second Extension Order*, 16 FCC Rcd 13494.

⁷ See Department of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act, 2002, Pub. L. No. 107-77, § 628, 115 Stat. 748, 804 (2001).

⁸ *Second Extension Order*, 16 FCC Rcd at 13495 ¶ 6. See also Section 621(2) of the Satellite Act of 1962, as amended by the ORBIT Act, 47 U.S.C. § 763(2), which provides, in part: (2) INDEPENDENCE – The Privatized successor entities and separated entities of INTELSAT and Inmarsat shall conduct an initial public offering in

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substantial dilution of the aggregate ownership in Inmarsat held by former Inmarsat signatories. Thus, our consideration of Inmarsat's request for an additional extension, as were the Commission's grant of the previous extensions, must be based upon whether the proposed extension would serve to achieve the underlying purpose of the ORBIT Act's requirement for an IPO.

8. Based upon the information presented by Inmarsat, we conclude that a grant of the further extension requested by Inmarsat would serve to achieve the purpose of the ORBIT Act and be in the public interest. In granting the previous two extensions, the Commission has already found that:

- 1) Inmarsat has demonstrated diligence in preparing for a successful IPO;⁹
- 2) Inmarsat has taken measured steps towards this end, including engaging investment bankers and preparing and updating legal and regulatory documents necessary for filing in the United Kingdom and the United States;¹⁰
- 3) Inmarsat has restructured itself to comply with the corporate governance guidelines necessary to conduct an IPO in the United Kingdom.¹¹
- 4) It has continually been relying on the advice of its investment banker as to necessary preparations for and timing of an IPO;¹² and
- 5) Allowing Inmarsat additional time to conduct its IPO will support an IPO with a larger market value, thereby increasing the dilution of former Signatories' interests in Inmarsat that may be achieved.¹³

9. In its present extension request, Inmarsat demonstrates its continued diligence in preparing for a successful IPO. It states that, though it has continued to make extensive efforts to conduct an IPO at the earliest possible date, the difficulties that the stock markets world-wide have experienced, especially with respect to the communications industry, have undermined its ability to conduct a successful IPO.¹⁴ It further states that since the Congressional amendment giving Inmarsat additional time to conduct its IPO was enacted in 2001, it has continued to work towards this goal. In the past year, it had targeted two specific windows: April to May 14, 2002 and May through August 13, 2002. On both occasions, Inmarsat expended significant resources to update registration filings and related materials. On both occasions, however, Inmarsat was advised by its independent investment advisors that current market conditions were not ripe for a successful IPO.¹⁵

10. Congress gave the Commission discretion to extend the ORBIT Act IPO deadline to give

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accordance with paragraph (5) to achieve such independence. Such offering shall substantially dilute the aggregate ownership of such entities by such signatories or former signatories. In determining whether a public offering attains substantial dilution, the Commission shall take into account the purpose and intent, privatization criteria, and other provisions of this title, as well as market conditions.

⁹ See *First Extension Order*, 15 FCC Rcd at 19742-43 ¶¶ 8-10; see also *Second Extension Order*, 16 FCC Rcd at 13499 ¶ 18.

¹⁰ See *Second Extension Order*, 16 FCC Rcd at 13499 ¶ 18.

¹¹ *Id.*

¹² *Id.*

¹³ See *First Extension Order*, 15 FCC Rcd at 19742-43 ¶¶ 8-10; see also *Second Extension Order*, 16 FCC Rcd at 13501 ¶ 21.

¹⁴ See Inmarsat Ventures, PLC Request for Extension of Time Under Section 621(5) of the ORBIT Act, SAT-MS-20020925-00187 (filed on September 25, 2002) ("Inmarsat Extension Request").

¹⁵ *Id.* at 1.

Inmarsat flexibility to achieve ORBIT Act goals as well as act within its own business interests.¹⁶ The best timing for conducting an IPO cannot be accurately forecasted. More importantly, denying an additional extension could have the effect of decreasing the market value of the offering because potential investors could be positioned to offer only a low price to purchase the available shares. Such an outcome would be counter to the intended purpose of obtaining substantial dilution in the ownership of Inmarsat. Inmarsat has continued to show that it is prepared to conduct its IPO. We believe that a six-month extension is likely to give Inmarsat an ample opportunity to do so at a time that will achieve the purpose of the ORBIT Act. Moreover, Inmarsat has the incentive to move forward to assure its continued access to the U.S. market.

IV. CONCLUSION

11. We therefore find that Inmarsat has made a sufficient showing of market conditions and relevant business factors related to the timing of an IPO, as well as already taken the preliminary steps necessary to achieve a successful IPO, so as to warrant an additional extension of six months. However, this is the last extension that we may grant to Inmarsat under the ORBIT Act. If Inmarsat fails to conduct its IPO by June 30, 2003, or if “substantial dilution” is not achieved through an IPO or other means, the ORBIT Act directs the Commission to “limit through conditions or deny” any pending application or request, and “limit or revoke previous authorizations” to use Inmarsat non-core services consistent with Section 601(b)(1).¹⁷

V. ORDERING CLAUSES

12. Accordingly, IT IS ORDERED, pursuant to Sections 621(2) and 621(5) of the Satellite Communications Act of 1962, as amended by the Open-Market Reorganization for the Betterment of International Telecommunications Act, and Section 628 of the Department of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act, 2002, Pub. L. No. 107-77, 115 Stat. 748, 804 (2001), 47 U.S.C. §§ 763(2), 763(5), that Inmarsat Ventures, PLC’s request for an extension of the December 31, 2002 deadline to conduct an initial public offering IS GRANTED, and the deadline for Inmarsat Ventures, PLC to conduct its initial public offering, consistent with the ORBIT Act, is June 30, 2003.

13. IT IS FURTHER ORDERED that Inmarsat Ventures, PLC shall file with the Commission 30 days after conduct of its initial public offering a demonstration that the initial public offering is consistent with Sections 621(2) and 621(5)(A)(ii) of the ORBIT Act.

14. IT IS FURTHER ORDERED that this Order shall be effective upon adoption.

FEDERAL COMMUNICATIONS COMMISSION

Donald Abelson

¹⁶ See *Second Extension Order*, 16 FCC Rcd at 13501 ¶ 21.

¹⁷ Section 601(b)(1) of the Satellite Act of 1962, as amended by the ORBIT Act, 47 U.S.C. § 761(b)(1).

Chief, International Bureau